

Franchise Tax Board**ANALYSIS OF ORIGINAL BILL**

Author: Simitian Analyst: Brian Werking Bill Number: SB 164
Related Bills: See Legislative History Telephone: 845-5103 Introduced Date: February 2, 2011
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: State Children's Trust Fund And Rare And Endangered Species Preservation Program/Extend Repeal Date To January 1, 2018

SUMMARY

This bill would extend the repeal date of both the State Children's Trust Fund for the Prevention of Child Abuse and the Rare and Endangered Species Preservation Program to January 1, 2018.

PURPOSE OF THE BILL

According to the author's office, the purpose of this bill is to continue to provide additional sources of funding for: (1) innovative prevention and intervention programs dealing with child abuse and neglect and (2) the support of programs for endangered and rare animals, native plant species, and those species which may be candidates for determination as endangered or rare.

EFFECTIVE/OPERATIVE DATE

This bill would be effective and operative on January 1, 2012.

POSITION

Pending.

ANALYSIS**FEDERAL/STATE LAW**

Current federal tax law provides a check-off to direct \$3 of a taxpayer's tax liability to the Presidential Campaign Fund. Designation of the \$3 amount does not affect a taxpayer's tax liability or refund amount.

Current state tax law allows taxpayers to make contributions of their own funds (not tax liability) on their 2010 state personal income tax returns (returns) to either, or both, the State Children's Trust Fund and the Rare and Endangered Species Preservation Program (funds).

Board Position:

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Department Director**Date**

Selvi Stanislaus

03/09/11

Both funds will remain on the income tax return until either fund is repealed or fails to meet its minimum contribution amount. The repeal date for each of the funds is January 1, 2013. The minimum contribution amount for both funds for the 2011 calendar year is \$305,388 and will continue to be adjusted annually for inflation. The annual inflation adjustment is based on the percentage change in the California Consumer Price Index.

The Franchise Tax Board (FTB) is required to make the following two determinations for each of the funds by September 1 of each calendar year:

1. The minimum contribution amount required for each fund to remain on the return for the following calendar year, and
2. Whether estimated contributions to each fund will be less than the minimum contribution amount for that calendar year.

If the FTB estimates that either fund will fail to meet or exceed the minimum contribution amount for a calendar year, that fund is repealed effective for taxable years beginning on or after January 1 of that calendar year.

THIS BILL

This bill would extend the sunset date for both the State Children's Trust Fund, and the Rare and Endangered Species Preservation Program, from January 1, 2013, to January 1, 2018. If these funds satisfy the minimum contribution amount for each calendar year through 2017, they would last appear on the personal income tax returns filed for the 2017 taxable year.

IMPLEMENTATION CONSIDERATIONS

Implementing this bill would not significantly impact the department's programs and procedures.

LEGISLATIVE HISTORY

State Children's Trust Fund

SB 898 (Simitian, Stats. 2007, Ch. 665) extended the State Children's Trust Fund repeal date from January 1, 2008, to January 1, 2013.

AB 2036 (Liu, Stats. 2002, Ch. 647) extended the State Children's Trust Fund repeal date from January 1, 2002, to January 1, 2008.

AB 1033 (Frusetta, Stats. 1997, Ch. 630) extended the State Children's Trust Fund repeal date from January 1, 1997, to January 1, 2002.

SB 831 (Mello, Stats. 1991, Ch. 480) extended the State Children's Trust Fund repeal date from January 1, 1992, to January 1, 1997.

AB 53 (Klehs, Stats. 1987, Ch. 1138) extended the State Children's Trust Fund repeal date from January 1, 1987, to January 1, 1992.

AB 607 (Vicencia, Stats. 1983, Ch. 1082) established the State Children's Trust Fund.

Rare and Endangered Species Preservation Program

SB 898 (Simitian, Stats. 2007, Ch. 665) extended the Rare and Endangered Species Preservation Program repeal date from January 1, 2008, to January 1, 2013.

AB 2783 (Strom-Martin, Stats. 2002, Ch. 594) extended the Rare and Endangered Species Preservation Program repeal date from January 1, 2002 , to January 1, 2008.

SB 78 (Thompson, Stats. 1997, Ch. 87) extended the Rare and Endangered Species Preservation Program from January 1, 1997 to January 1, 2002.

SB 831 (Mello, Stats. 1991, Ch. 480) extended the Rare and Endangered Species Preservation Program repeal date from January 1, 1992, to January 1, 1997.

AB 53 (Klehs, Stats, 1987, Ch. 1138) extended the Rare and Endangered Species Preservation Program repeal date from January 1, 1987, to January 1, 1992.

AB 384 (Campbell, Stats. 1983, Ch. 1058) established the Rare and Endangered Species Preservation Program.

PROGRAM BACKGROUND

State Children's Trust Fund

Since 2003, the fund has received the following total annual contributions:

2003	2004	2005	2006	2007	2008	2009	2010
\$674,783	\$679,899	\$581,772	\$562,286	\$499,827	\$528,609	\$528,298	\$448,081

If the State Children's Trust Fund does not meet or exceed the minimum contribution amount for 2011 (\$305,338), it will not appear on the 2011 return.

Rare and Endangered Species Preservation Program

Since 2003, the fund has received the following total annual contributions:

2003	2004	2005	2006	2007	2008	2009	2010
\$673,981	\$643,616	\$624,264	\$555,062	\$572,043	\$ 580,823	\$ 648,868	\$ 578,215

If the Rare and Endangered Species Preservation Program fund fails to meet or exceed the minimum contribution amount for 2011 (\$305,338), it will not appear on the 2011 return.

OTHER STATES' INFORMATION

Illinois allows taxpayers to designate personal funds to the Wildlife Preservation Fund and the Child Abuse Prevention Fund on the state personal income tax return.

Massachusetts allows taxpayers to designate personal funds to the Endangered Wildlife Conservation fund on the state personal income tax return.

Michigan allows taxpayers to designate personal funds to the Children's Trust Fund to Prevent Child Abuse in *Michigan* on the state personal income tax return.

Minnesota allows taxpayers to designate personal funds to the Nongame Wildlife Fund on the state personal income tax return.

New York allows taxpayers to designate personal funds to the Return a Gift to Wildlife Fund on the state personal income tax return.

The laws of these states were reviewed because their tax laws are similar to California's income tax laws.

FISCAL IMPACT

This bill would not impact the department's costs.

ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue losses:

Estimated Revenue Impact of SB 164 For Contributions Made After January 1, 2014 Enactment Assumed After June 30, 2011		
2012-13	2013-14	2014-15
N/A	N/A	-\$40,000

This estimate does not consider the possible changes in employment, personal income, or gross state product that could result from this bill.

LEGISLATIVE STAFF CONTACT

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